

MINUTES OF THE EXECUTIVE APPROPRIATIONS COMMITTEE

April 17, 2001 at 1:00 P. M.

Room 303, State Capitol Building

Members Present: Sen. Leonard Blackham, Committee Co-Chair
Rep. Jeff Alexander, Committee Co-Chair
Sen. Ron Allen
Sen. Mike Dmitrich
Sen. Peter Knudson
Pres. Al Mansell
Sen. Steve Poulton
Sen. Pete Suazo
Sen. John Valentine
Rep. Patrice Arent
Rep. Ralph Becker
Rep. Jackie Biskupski
Rep. Greg Curtis
Rep. Kevin Garn
Rep. Brad King
Speaker Martin Stephens
Rep. David Ure

Sen. Bill Hickman, Vice-Chair
Rep. Ron Bigelow, Vice Chair

Members Absent: Sen. Gene Davis

Staff Present: John Massey, Legislative Fiscal Analyst
Michael Kjar, Deputy Director
Linda Hansen, Secretary

Others Present: Kevin Walthers, Fiscal Analyst
Michael Chabries, Department of Corrections
Jesse Gallegos, Department of Corrections
Chris Mitchell, Department of Corrections
Jon Ball, Fiscal Analyst
Bill Greer, Fiscal Analyst
Rod Marrelli, State Tax Commission

List of Others Present on File.

Committee Co-Chair Blackham called the meeting to order at 1:20 p.m.

1. Discussion on JR-4.22.1 - Appropriations; Request; Disposition (Mini Approp. Bills)

John Massey, Legislative Fiscal Analyst, felt it would be good to have some feed back after going through the first session of the mini appropriation bill or appropriation funding request issue. A summary was prepared that references JR-4.22.1 and was handed out to the Committee.

Mr. Massey gave a summary of the Rule. He said to obtain initial funding or additional funding for a project or program, a legislator must file a "Request for Appropriation" with the Office of the Legislative Fiscal Analyst (LFA) by noon on the 11th day of the annual general session. The form is attached to the handout that was given to the Committee.

Mr. Massey said the LFA reviews the request, and if a statute change is required, the request is referred to the Office of Legislative Research and General Counsel (LGRC).

If no statute change is required, the LFA numbers and titles the request and refers it to:

- (a) the Executive Appropriations Committee House Co-chair if the sponsor is a house member;
or,
- (b) the Executive Appropriations Committee Senate Co-chair if the sponsor is a Senate member.

The House or Senate Executive Appropriations Committee (EAC) Co-chair refers the request to the appropriate joint appropriations subcommittee.

Each subcommittee that receives a request shall allow the sponsor to make a presentation, discuss the request, and either:

- (a) include the request in the subcommittee budget recommendation to EAC (to come from currently allocated subcommittee funding);
- (b) reject the request; or
- (c) recommend to the EAC that all or part of the request be placed on a prioritization list as may be established by EAC.

Mr. Massey said there were 18 appropriation requests and 39 in bills making a total of 57.

The bulk of the requests went to Natural Resources, DCED, and Public Education with 20 funded in subcommittee, 31 referred to EAC, 6 rejected making a total of 57.

Comments were requested from the Analysts and there were also comments from some Legislators.

Mr. Massey said the pro's were that the process seemed to work well once it was understood by the committee and assuming the request was related to the budget of that subcommittee, there was value in having a sponsor justify a request before an appropriations subcommittee, since the members are familiar with issues within the subcommittee's jurisdiction.

The con's were mostly related to general confusion.

Suggestions for improvements were reviewed by Mr. Massey as follows:

Better definition of role of subcommittee;

Each subcommittee set one day aside for hearing all requests - or start meetings earlier just to hear requests;

Set strict limits on presentation time;

Enhance the coordination of subcommittee actions with the Co-chairs of the Executive Appropriations Committee;

Have training session with subcommittee chairs;

Enforce JR-4.22.1. This rule deals with requests for appropriation - not bills that carry their own appropriation. It is suggested that if a legislator insists on filing a bill rather than a request for appropriation, the bill will go through the normal assignment process within the Rules Committee. It would be hoped that the only time a legislator would file a bill that appropriates funds is when statutory changes are part of funding.

Mr. Massey called the attention of the Committee to the revised form for Request for Appropriation attached to the handout. The form has instructions on the back.

Sen. Allen said it will help the process and is a major step forward.

The Committee agreed to move forward with the form.

2. Preliminary Report on Study Regarding Correctional Beds

Kevin Walthers, Fiscal Analyst, reported on this matter and said the purpose today is not go give any recommendation or answer any questions. The issues are complex and involve several county and state programs.

Mr. Walthers said a few years ago there was a crises on shortage of beds and the Legislature did fund growth for State needs and referred to two charts on Page 3 of the handout reflecting the funding and physical status. He said now there is not a shortage of capacity.

Mr. Walthers said the Department of Corrections places inmates in state-owned facilities and in county jails through a contracting system. The State owns 5,187 beds spread over facilities in Draper, Cedar City and Gunnison. Of these, fifty-five beds are not available because some inmates must be housed in single cells due to mental illness. The Analyst accepts this reduction of beds as proper to manage special needs inmates and uses 5,132 as total physical capacity for state-owned beds.

Mr. Walthers reviewed a table on Page 6 of the handout reflecting the number of beds available.

Five questions of concern were presented by Mr. Walthers as follows:

What is the optimal ratio of county to state-owned beds?
How should county rates be set?
Which counties should be first in line for funding?
How are counties funding new construction?
What is the state's obligation to county jail contracts?

These questions will be addressed as the report is finalized.

The Analyst proposed an outline on Page 1 of areas that will report final results to this Committee at a later date.

Mr. Walthers responded to questions of the Committee.

Speaker Stephens requested information concerning the cut back of 200 beds and which county will be first in line for cuts.

Speaker Stephens indicated that there needs to be stability of number of prisoners that are contracted with the counties.

Rep. Hickman suggested that the State buy the county facilities and the county pay the State for bed space.

There was a discussion by the Committee.

MOTION: Speaker Stephens made a motion that a report for a proposed solution for this matter be placed on the agenda for the June meeting.

Sen. Allen requested information concerning how many counties have built new jails in the last seven years and what the ratio is of jail beds in those counties per capita of the population compared to nation wide.

Sen. Valentine requested information on how decisions are made on where prisoners are placed.

Sen. Suazo requested that the report include total number of beds by county and the number used and the number not used and the fiscal impact.

Michael Chabries, Executive Director of the Department of Corrections, Jesse Gallegos, Deputy Director and Chris Mitchell, Deputy Director, responded to questions of the Committee.

Pres. Mansell made a suggestion to look at the possibility of changing the law and doing RFP's.

Speaker Stephens summed up his motion.

The motion passed unanimously.

MOTION: Pres. Mansell made a motion that the Executive Appropriations Committee go on record to not encourage any further construction of county jails for state use until further notice.

Rep. Garn suggested that a letter be sent to the counties indicating that if they build more beds they do so at their own risk.

Sen. Poulton requested that RFP's be looked at and incorporated into the process. He urged that the state lock in number of beds to be used by the state in the counties facilities.

Pres. Mansell requested to include in his motion the letter to the counties from the Co-chair of the Committee suggested by Rep. Garn.

Speaker Stephens expressed concerns that the data from corrections is not reliable. Corrections must take steps to increase credibility with the Legislature.

Sen. Valentine suggested a legal evaluation of the obligation of the State to the counties.

The motion passed unanimously with Sen. Suazo absent at the time of voting.

Mr. Walthers said he will work on a solution and policy options for the future.

Mr. Chabries said the matter is complicated and wants to work to resolve the situation.

3. Potential Interim Studies for the Executive Appropriations Committee
a. In-depth Budget Review
b. Other studies

Co-Chair Blackham urged the Committee to review the list of study items on the handout and report those items that they feel are the most important to John Massey, Fiscal Analyst.

Mr. Massey reviewed the first item on the handout concerning an in-depth budget review for reporting back to the Committee, doing one in-depth budget review each year.

Suggestions by Mr. Massey were as follows:

- a. Item 84, H.B. 1 requires the LFA to do an in-depth budget review of the Office of the Child Care within the Department of Work Force Services to report to the interim Commerce and Revenue Appropriations Subcommittee
- b. Item 130, H.B. 1 requires the LFA to do a "detailed" review of a division within Health and/or Human Services to be reported in the next general session to the Health and Human Services Appropriations Subcommittee.

- c. Based on a motion in the 2001 Health and Human Services Appropriations Subcommittee, the Legislative Auditor General was requested to do an audit of the Division of Services for People with Disabilities in the Department of Human Services. With concurrence from the Executive Appropriations Committee and the Legislative Management Committee, the Legislative Analyst and Legislative Auditor could do a joint report.

Mr. Massey said Item “d” is basically a suggestion of another Legislative Auditor’s recommendation.

- a. The Legislative Auditor in report 2000-03, *Utah’s Employment and Training Programs*, recommended that the Office of Rehabilitation within the State Office of Education be considered for consolidation in the Department of Workforce Services as a separate division. This recommendation would require an in-depth review of this budget.

Mr. Massey told the Committee if they have other suggestions for an in-depth budget review to let him know.

MOTION: Speaker Stephens made a motion to do an in-depth budget review of the Office of the Child Care within the Department of Work Force Services.

The motion passed unanimously with Sen. Suazo, Reps. Arent and Becker absent at the time of voting.

Sen. Blackham reminded the Committee to choose items from the remaining list for potential study and submit the list to the Fiscal Analyst.

4. Update on Federal Funds Expenditures

Bill Greer, Sr. Fiscal Analyst, reported on federal funds expenditures and said the key issues include:

- a. State fund match rate changes;
- b. State requirement to fund ongoing programs and FTE once federal funding is decreased or eliminated;
- c. State policy implications of accepting federal funds.

Mr. Greer said the State Auditor’s Office conducts an audit of the State agencies financial statements and issues a report on compliance and internal control over financial reporting. The FY 2000 report was issued on March 26, 2001. This report is another tool for the Legislature and its Analysts.

Mr. Greer reviewed the table at the top of Page 2 of the handout reflecting federal funds.

Mr. Greer said the most pressing issue is the funding related to the Temporary Assistance for Needy Families Program (TANF). A major concern relates to the unknown factors regarding the future funding of the Temporary Assistance for Needy Families (TANF) program. This has implications for several State departments and programs, including the Department of Workforce Services, the Office

of Child Care and the Department of Human Services. He said this is a six year block grant and 2002 is the final year. The TANF program is to be re-authorized for FY 2003. Reductions in this program funding may require the State to offset the reductions for social service programs in the Department of Human Services and subsidize additional child care funding to maintain current program service levels.

Mr. Greer said that the challenge is that this money has been authorized for transfer to make up for reductions in other areas. A significant amount of money, approximately \$8 million has been transferred to other programs and may need to be replaced with General Fund in FY 2003. About \$5.3 million will be transferred to the Department of Human Services alone to make up for federal cuts in the Social Services Block Grant in FY 2002.

Mr. Greer responded to questions of the Committee.

5. Update from Tax Commission UTAX and TAX System Modernization

Jon Ball, Fiscal Analyst, reported that in June of 1999 the Tax Commission notified the Legislature that it was going to suspend the third phase of UTAX. At that time the Committee ask TAX to come back and report on what its plans were for implementing a replacement for the third phase.

Rod Marrelli, Executive Director Utah State Tax Commission, gave an update and report to the Committee.

Mr. Marrelli reviewed UTAX and said is consisted of 3 main projects: collections, motor vehicle, and tax. Tax was dropped and is being replaced with sales tax modernization. The collections was completed in 1998 and to date has generated over \$12 million additional revenue for the State.

Mr. Marrelli reviewed the Motor Vehicle Administration system that is going on line and will be brought on in phases. It is a major step in improved service to the citizens of Utah. At the end of October all counties should be on line.

A handout was given to the Committee on Sales Tax Modernization and Mr. Marrelli said they are not going to spend any money right now but they wanted to alert the Committee that they are looking at this and it is on the table.

MOTION: Rep. Ure made a motion that Mike Kjar, Fiscal Analyst, explain at the May meeting the block grant process, define block grant, the difference between using the 2000 Budget and the 2001 Budget, the way the appropriation of money took place on the hold harmless of H.B. 3, and if all districts were held harmless in the block grant.

The motion passed unanimously with Sen. Suazo, Reps. Arent, and Becker absent at the time of voting.

MOTION: Co-chair Alexander made a motion to adjourn. The motion passed

unanimously with Sen. Suazo, Reps. Arent, and Becker absent at the time of voting.

The meeting was adjourned at 3:05 p.m.

Minutes were reported by Linda Hansen.

Handouts:

*Report to Executive Appropriation Committee From the Office of the Legislative Fiscal Analyst
April 17, 2001*

*Preliminary Report: Analysis of Inmate Growth, Jail Programs and Housing Needs Within the Utah
Department of Corrections*

Potential Studies for the Executive Appropriations Committee During the 2001 Interim

*Report To Executive Appropriation Committee From the Office of the Legislative Fiscal Analyst
Re: Federal Funds and Federal Funding Issues*

Sales Tax Modernization Project

DMV Update